

To the Members of the California State Assembly:

I am returning Assembly Bill 900 without my signature.

I have several concerns with this bill, which would allow money, allocated from an increase in the takeout from the pari-mutuel pools on horse races in California, to be used to help defray the cost of workers' compensation insurance within the California horse racing industry.

While I agree with the concept in this bill, providing additional takeout to help defray increased workers' compensation costs for horse racing, the entire workers' compensation system needs to be reformed in a comprehensive manner. As with other industries in California, the racing industry is severely impacted by the workers' compensation crisis. Pending before you is my comprehensive workers' compensation reform proposal, which I have asked you to act on and send to me by March 1. Narrowly-drawn solutions should be considered as part of the comprehensive reform efforts. California's employers and workers are suffering under the weight of an out-of-control workers' compensation system.

This bill was a "gut and amend" during the waning days prior to the interim study recess last September. It only had one last minute policy committee hearing in the Assembly. We owe the people of California as much sunshine on the process as possible and I will take an extremely close look at every bill presented to me that has been rushed through the process. The sponsors of this bill have already recognized that this measure requires some additional "clean-up" language, a further demonstration that the process was inadequate for this bill.

The issues that need to be addressed in future legislation include the governance of the fund, methods of distribution of the funds and the lack of further review of the necessity of the additional takeout in the future.

I look forward to working with the industry and the author to address all the concerns that have been raised with this measure and to insure a robust future for the horse racing industry.

Sincerely,

Arnold Schwarzenegger